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Singapore

Product Brief

Fresh Fruits

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Report Highlights:

Singapore imports a wide variety of fresh temperate fruit from a number of countries from both the northern and southern hemispheres thus ensuring a steady supply all year round. The U.S. is a major supplier of oranges, grapes, stone fruit and grapefruit. Major competitors include Australia, New Zealand, South Africa, China and Israel.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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1. Singapore in profile

Singapore (population of 4.1 million) is one of the most affluent nations in Asia with a GDP per-capita of about US\$20,732 today. About 22% of the population are aged 15 years and below, which represents a sizeable pool of future consumers who will be an important driver for increased consumption of imported food and beverages in future. Over 76% of its population make up the middle to upper income group of consumers, all of whom lead an urban lifestyle and represent the bulk of the market for imported food and beverages today.

Singapore's economy is based mainly on its strong export manufacturing and financial and business service sectors. Prior to the Asian economic downturn of 1997/1998, its economy had been growing in excess of 8% per annum. In 2001, Singapore's GDP contracted by 2.0%, largely due to the contraction in the manufacturing sector which was negatively impacted by global recession, particularly the downturn in demand from the technology sector in 2001.

On a positive note, the government forecasts Singapore's economy to grow by around 2.5 % in 2002 based on expectations of modest recovery in exports of electronics to the key world economies such as the USA and Japan. Most economists forecast Singapore's economic growth for 2003 to improve to around 4% based on their expectation of a continued recovery in global trade.

2. Singapore's importance as a regional distribution hub

Singapore is generally recognised as Southeast Asia's main distribution hub. The facilities offered by its highly efficient airport and seaport have encouraged a large number of businesses, including food manufacturers and ingredient suppliers, to base their operations in Singapore to serve their regional markets.

In 2001, US\$ 1.1 billion of food and beverages were re-exported from Singapore to various countries in the world. Of this, around 35% were shipped to ASEAN countries, with Malaysia being the main destination. A large proportion of imported fresh fruit is re-exported to as many as 14 different countries worldwide. Re-export to neighbouring ASEAN form significant proportions, as much as 100 % for some product segments, of the re-export trade out of Singapore. More details on this matter are provided in the next chapter to this report.

3. Singapore's fresh temperate fruits market

Singapore's market for fresh fruits is supplied solely by imports. It imports fresh fruits for its own consumption and for re-export to other countries in Asia and the Pacific islands.

3.1 Market size

The market is made up of around US\$ 260 million in imports of fresh fruits, made up of fresh tropical fruits and fresh temperate fruits. Fresh temperate fruit imports form around 50% of total import value. The re-export market of fresh fruits amounts to around US\$65 million, of which 30 % was for fresh temperate fruits.

3.2 Imports

The Table below provides the total imports of fresh temperate fruits for the five years from 1997 to 2001.

Fresh Temperate Fruits Imports (Tonnes)					
	1997	1998	1999	2000	2001
Citrus fruits	80,081	74,405	70,677	72,090	72,039
Apples	52,914	48,601	49,143	49,507	47,401
Grapes	15,197	11,271	11,816	11,578	11,092
Pears	37,123	35,243	27,432	30,111	32,410
Stone fruits and berries	5,706	4,632	5,534	5,742	7,040
Total (Tonnes)	191,021	174,152	164,602	169,028	169,982
Total (US\$ million)	170.3	151.2	136.5	134.3	136.5
% change in imports (Tonnes)		-9	-5	+3	#
#:Negligible Source: Department of Statistics					

The top 3 major supply countries in 2001 are shown by the Table below.

Major Supply Countries and Their Import Market Shares (2001)	
Oranges	USA (43%), Australia (38%), South Africa (12%)
Mandarins and tangerines	China (52%), Pakistan (31%), Australia (7%)
Lemons and limes	Malaysia (46%), South Africa (14%), USA (10%)
Grapefruits (excludes pomelo)	USA (53%), South Africa (16%), Israel (15%)

Apples	China (46%), New Zealand (15%), South Africa (11%)
Grapes	USA (48%), Australia (40%), South Africa (6%)
Pears (Non-Asian variety)	Australia (57%), South Africa (27%), USA (14%)
Stone fruits	USA (45%), Australia (40%), China (9%)
Berries	Australia (44%), USA (39%), New Zealand (9%)
Source: Department of Statistics	

A large number of countries supply fresh temperate fruits to Singapore. In 2001, there were 20 countries involved in supplying citrus fruits, 16 countries involved in supplying apples, 15 countries involved in supplying grapes, pears and quinces, 18 involved in supplying stone fruits and 12 countries involved in supplying berries to Singapore.

The USA is a major supplier of fresh temperate fruits to Singapore, with the following market positions and market shares:

- Leading supplier for oranges (43%), grapefruits (53%), grapes (48%) and stone fruits (45%).
- Second largest supplier for berries (39%).
- Third largest supplier for lemons and limes (10%) and non-Asian pears (14%).

Its major competitors for fresh temperate fruits are:

- In the case of Northern Hemisphere supply: China (mandarins and tangerines, apples) and Pakistan (mandarins) and Israel (grapefruits).
- In the case of Southern Hemisphere supply: Australia (oranges, mandarins, grapes, non-Asian pears, stone fruits and berries), New Zealand (apples) and South Africa (oranges, lemons grapefruits and non-Asian pears).

Although the above countries grow temperate fruits in different seasons, new technology has allowed fresh fruits from both the North and South Hemisphere to interact on a competitive basis at certain times of the year. Hence, USA, China, Australia, New Zealand and South Africa frequently have fresh temperate fruits in the market at the same time, e.g. from October to December of each year, apples from all these countries appear in the supermarkets. Singaporean consumers do not understand the difference between the old season and new season fruits so there is no preference shown by consumers for older or newer season fruits.

3.3 Re-exports

The Table below provides the total re-exports of fresh temperate fruits from Singapore for the five years from 1997 to 2001.

Fresh Temperate Fruits Re-Exports (Tonnes)					
	1997	1998	1999	2000	2001
Citrus fruits	18,097	13,544	10,044	8,558	9,230
Apples	16,857	12,250	9,288	13,157	6,407
Grapes	4,278	3,195	3,125	2,715	2,523
Pears	12,753	11,124	5,413	6,005	4,622
Stone fruits and berries	681	465	587	519	573
Total (Tonnes)	52,666	40,578	28,457	30,954	23,355
Total (US\$ million)	46.7	37.3	26.8	22.8	20.4
% change in re-exports(Tonnes)		-23	-30	+9	-25
Source: Department of Statistics					

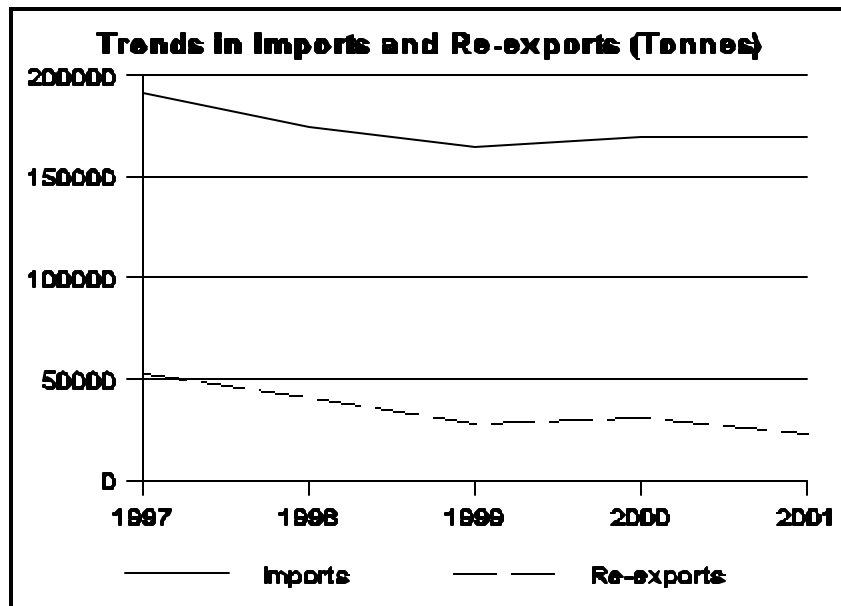
Singapore re-exports fresh temperate fruits to 13 different countries. The major fresh temperate fruits which are re-exported include apples, pears, oranges, mandarins and tangerines. The main re-export destinations for these fruits are Malaysia, Brunei, Philippines, Cambodia and Thailand.

Re-exports to ASEAN countries formed significant proportions of total re-exports quantities in 2001, as shown below:

- Oranges: 96 %
- Mandarins and tangerines: 92 %
- Lemons and limes: 98 %
- Grapefruits: 100 %
- Apples: 98 %
- Grapes: 98 %
- Pears (Asian & non-Asian variety): 100 %
- Stone fruits: 99 %
- Berries: 95 %

3.4 Growth prospects

The Chart below shows the trends in imports and re-exports of fresh temperate fruits over the five years to 2001.



The Chart shows that overall imports as well as re-exports of fresh temperate fruits declined from 1998 because the market was negatively affected by the economic slowdown experienced in Singapore and the region commencing that year.

The regional economic downturn has had a negative impact on the overall import and re-export trade of fresh temperate fruits in Singapore. The fruits which were negatively affected were oranges (20% decline compared to 1997, sourced mainly from the USA and Australia), mandarins and tangerines (12% decline compared to 1997, sourced mainly from China and Pakistan), apples (10% decline compared to 1997, sourced mainly from China and New Zealand), grapes (27% decline compared to 1997, sourced mainly from the USA and Australia) and pears (13% decline compared to 1997, sourced mainly from China). The main re-export country affected was Malaysia which now actively imports its own fresh temperate fruits directly from supply countries to remain price competitive in its market.

Trade sources comment that the fresh temperate fruits market is likely to remain stagnant or show very slow growth of less than 5% per annum over the next three years.

They also comment that, to be successful in the market for the long term, the most important factors are price and quality. The US supplier has to compete with suppliers from countries such as China, Australia and New Zealand which also supply very high quality fresh temperate fruits. These countries

are nearer to Singapore and so are able to offer the benefits of shorter shipping time and so lower freight charges.

Opportunities continue to exist for the following fruits:

- Oranges, mandarins and tangerines especially for the festive seasons such as Chinese New Year celebrations when very large quantities are demanded. In some years, there were actual shortages of mandarins and tangerines for short periods of the high demand seasons. Major retailers are always scouting for new sources each year, well in advance of Chinese New Year, to avoid potential short supply situations.
- Apples. Varieties such as Fuji and Royal Gala continue to be popular and opportunities exist to supply the demand for such apples. However, US suppliers have to meet closely with consumer demand for quality, taste, size and price.
- Pears. The Packham variety remains the most popular European pear variety. However, it can only meet demand for part of the year due to its growing season. Niche demand opportunities exist to meet demand for European pears when the Packham pear is not available in the market. However, US suppliers have to meet closely with consumer demand for quality, taste and price.
- High quality fresh stone fruits, grapefruits and berries targeted at the high end restaurants and hotels. Such establishments are always on the lookout for new and exotic fresh fruits to offer their patrons and niche demands exist in this sector of the market. Niche demand opportunities also exist in supermarkets that target the middle to high income consumers.

Trade sources comment that no real opportunities exist for re-export of fresh temperate fruits from Singapore to other ASEAN countries due to the added freight charges. It is better to arrange transshipment from the USA via Singapore to the ASEAN countries. In such a case, opportunities exist for transshipment of fresh temperate fruits to:

- Malaysia.
- The Philippines, Thailand and Brunei.
- Indonesia, once social and economic conditions have stabilised and foreign confidence returns.

US exporters intending to explore the opportunities highlighted above are advised to perform detailed market research in these markets to better understand the market characteristics and identify in more detail the opportunities for their products types.

4. Consumer tastes and preference

Fresh tropical fruits form as much as 58 % of the total quantities of fresh fruits consumed by Singaporeans. Such fruits form part of local food culture and are well understood by all local

consumers. In addition, they are readily available and are lower priced compared to fresh temperate fruits.

Fresh temperate fruits have been gaining popularity amongst Singaporeans. Per capita consumption per annum of fresh temperate fruits has grown from 58 kilograms in 1998 to 47 kilograms in 2001. Consumption reached as high as 65 kilograms per capita in 1996 when Singapore was still at the height of its economic growth.

Fresh temperate fruits are usually consumed as an after dinner dessert unlike local fruits which can be consumed at any time of day. The most popular fresh temperate fruits include:

- Apples which are the second most popular fruit in Singapore. These are now very much part of local food culture and are consumed by Singaporeans on a regular basis although not as much as consumers in apple growing countries. Apples are well liked by all age groups in all income groups. Today, red apples such as Royal Gala and Fuji are the most popular varieties because of their taste, texture, juiciness, colour and size. The Royal Gala and the Fuji are considered of better quality as they taste sweeter, handle better and show less damage on the fruits. Other varieties such as Red Delicious, Pink Lady, Golden Delicious, Granny Smith and Braeburn varieties are not very popular except with expatriate shoppers.
- Oranges which are the forth most popular fruit in Singapore. These now form part of the local food culture. These are purchased in large quantities during Chinese festive seasons, particularly for Chinese New Year celebration which falls around January or February of each year. The orange colour signifies the colour of gold and oranges are popularly given as gifts during Chinese New Year. Fresh oranges are also used as symbolic offerings during prayers. Oranges are also used by food service operators to make fresh juices at the cooked food centres and restaurants.
- Pears which are the fifth most popular fruit in Singapore. Chinese pears are still the preferred pears in Singapore as these are traditional fruits which have a different taste, texture and colour to the European variety. They are preferred because of the crunchy and juicy characteristics of these pears. They command as much as 75% of the pear market. The most popular European pear variety is Packham from Australia. It is very different to the Chinese pear but is well liked for its sweetness and juiciness.
- Mandarins and tangerines. These are traditionally fruits demanded mainly by the ethnic Chinese community. They are preferred for similar reasons to oranges and are purchased in very large quantities for Chinese New Year celebrations. Such fruits are consumed by all age groups and all income groups at anytime of day and are well liked for its sweetness and taste and are preferred to oranges as gifts.

Other fresh temperate fruits such as stone fruits, grapefruits and berries are consumed in smaller quantities. Consumption levels of such fruits are still low, at around 3 kilogram per capita per annum. These fruits are not well understood by the majority of the consumers and many do not know how or

when to consume them. Trade sources comment that the younger generation of high income consumers, aged below 40 years, are the most common consumers of these fruits. They have a curious trait and like to try such fruits. These fruits are also demanded by the high end western restaurants and high end hotel restaurants and are retailed through most leading supermarkets.

Lemon and limes are generally not consumed in the same manner as the other fruits but are used to make fruit juices or used in local food recipes. They are demanded more by the food service sector although they are sold through the retail sector.

5. Brief import requirements for fresh fruits

Singapore is virtually a free port. No import duty is imposed on imported fresh fruits. A Goods and Services Tax (GST) at the rate of 5% (3% prior to 31 December 2002) is imposed on the importation of goods into Singapore, calculated based on the CIF (Cost, Insurance, Freight) value in Singapore dollars.

When food enters Singapore, companies must submit the proper documentation to the Controller of Imports and Exports. An inward cargo manifest must be submitted to Customs within 24 hours of arrival of the carrier. All declarations are required to be submitted and approved electronically through the EDI network called the TradeNet System.

Every consignment of fresh fruits imported is required to be approved by the Agri-food and Veterinary Authority (AVA). The AVA's import control section for fresh fruits and vegetables is responsible for regulating the imports of fresh fruits into Singapore.

The import regulations are imposed to ensure that Singapore's supply of fresh fruits is safe for human consumption. The fresh fruits must not contain pesticide residues exceeding that prescribed under rule 13 of the Control of Plants (Import of Fresh Fruits and Vegetables) Rules 1994.

The importer must be licensed by the AVA to import fresh fruits. The importer has to be registered under the Business Registration Act or incorporated under the Companies Act to be eligible to apply for registration or a licence to import fresh fruits. All imported fresh fruits are subject to inspection. The consignment may be sampled by the AVA for laboratory testing.

6. Distribution patterns

The bulk of fresh fruits are imported by local importers. Most fresh temperate fruits are air-flown to Singapore to maintain the freshness demanded by the consumers. The fresh fruits are then distributed via wholesalers and distributors to retail outlets throughout Singapore. Most retail outlets and food service outlets source their fresh fruit needs from wholesalers although the larger retailers have started to source for fresh fruits directly from the overseas growers to cut out the middlemen's costs and pass on the cost savings to their customers.

Fresh fruits are distributed to:

- Supermarkets and minimarkets.
- Local neighbourhood grocery stores.
- Wet markets.
- Fruit drinks stalls and fruit stalls at cooked food centres.
- Asian Restaurants and high end western restaurants.
- Hotels.

Distribution of fresh temperate fruits in Singapore is challenging because of:

- The hot climate which can rapidly reduce the product quality. Fresh temperate fruits have to be stored and distributed under cool conditions to prevent any deterioration in the quality. For this reason, temperature controlled distribution facilities are needed to maintain the fresh temperate fruits at optimum quality conditions. The temperature must be suitable according to the fruit type. However, the fruits must not be frozen. The exception is oranges which do not need to be in temperature controlled environment.
- The poor handling by retail staff which can result in damage to the product quality. Fresh fruits of all varieties are still handled poorly in most supermarkets. It is not unusual to find fresh temperate fruits being poured out of the original packaging box by retail store staff without due care and attention to whether the fruits will become bruised or damaged from the rough handling.
- Poor understanding of temperate fruits by both the retailers and the consumers. Temperate fruits that are not in optimum condition for consumption can often be displayed for sale, to the detriment of future sales of such fruits. The consequence is that consumers often complain about the poor taste of such fruits and ignore them in future. For example, market opportunities for a newly introduced variety of stone fruit or berry can be minimised if this occurs, particularly if the displayed fruits are not at their optimum ripeness/sweetness stage.

Trade sources comment that fresh temperate fruits can be re-exported or trans-shipped in its original packing to other ASEAN countries without any need for re-packing or re-labelling. They also added that it is advantageous to handle the fresh fruits through transshipment from the USA via Singapore to other ASEAN countries as this can be cheaper for the end-buyers.

END OF REPORT